

CLAUSE H-19 – LIMITATION OF FUNDS (August 2002)

- (a) The parties estimate that performance of this subcontract will not cost SURA more than the estimated cost specified in the Schedule. The Subcontractor agrees to use its best efforts to perform the work specified in the Schedule and all obligations under this subcontract within the estimated cost.
- (b) The Schedule specifies the amount presently available for payment by SURA and allotted to this subcontract, the items covered and the period of performance it is estimated the allotted amount will cover. The parties contemplate that SURA will allot additional funds incrementally to the subcontract up to the full estimated cost to SURA specified in the Schedule. The Subcontractor agrees to perform, or have performed, work on the subcontract up to the point at which the total amount paid and payable by SURA under the subcontract approximates but does not exceed the total amount actually allotted.
- (c) The Subcontractor shall notify the Subcontracting Officer in writing whenever it has reason to believe that the costs it expects to incur under this subcontract in the next sixty (60) days, when added to all costs previously incurred, will exceed 75 percent of the total amount so far allotted to the subcontract by SURA. The notice shall state the estimated amount of additional funds required to continue performance for the period specified in the Schedule.
- (d) Sixty (60) days before the end of the period specified in the Schedule, the Subcontractor shall notify the Subcontracting Officer in writing of the estimated amount of additional funds, if any required, to continue timely performance under the subcontract or for any further period specified in the Schedule or otherwise agreed upon, and when the funds will be required.
- (e) If, after notification, additional funds are not allotted by the end of the period specified in the Schedule or another agreed-upon date, upon the Subcontractor's written request the Subcontracting Officer will terminate this subcontract on that date in accordance with the provisions of the Termination clause of this subcontract. If the Subcontractor estimates that the funds available will allow it to continue to discharge its obligations beyond that date, it may specify a later date in its request, and the Subcontracting Officer may terminate this subcontract on that later date.
- (f) Except as required by other provisions of this subcontract, specifically citing and stated to be an exception to this clause:
 - (1) SURA is not obligated to reimburse the Subcontractor for costs incurred in excess of the total amount allotted; and
 - (2) The Subcontractor is not obligated to continue performance under this subcontract (including actions under the Termination clause of this subcontract) or otherwise incur costs in excess of (i) the amount then allotted (until the Subcontracting Officer notifies the Subcontractor in writing that the amount allotted has been increased and specifies an increased amount, which shall then constitute the total amount allotted).
- (g) The estimated cost shall be increased to the extent that the amount allotted exceeds the estimated cost specified in the Schedule.
- (h) No notice, communication, or representation in any way form other than that specified in subparagraph (f)2. above, or from any person other than the Subcontracting Officer, shall affect the amount allotted by SURA to this subcontract. In the absence of the specified notice, SURA is not obligated to reimburse the Subcontractor for any costs in excess of the total amount allotted by SURA to this subcontract whether incurred during the course of the subcontract or as a result of termination.
- (i) When and to the extent that the amount allotted is increased, any costs the Subcontractor incurs before the increase that are in excess of the amount previously allotted shall be allowable to the same extent as if incurred afterward, unless the Subcontracting Officer issues a termination or other notice and directs that the increase is solely to cover termination or other specified expenses.
- (j) Change orders shall not be considered an authorization to exceed the amount allotted by SURA specified in the Schedule, unless they contain a statement increasing the amounts allotted.
- (k) Nothing in this clause shall affect the right of SURA to terminate this subcontract. If this subcontract is terminated, SURA and the Subcontractor shall negotiate an equitable distribution of all property produced or purchased under the subcontract based upon the share of costs incurred by each.

- (l) If SURA does not allot sufficient funds to allow completion of the work, the Subcontractor is entitled to a percentage of the fee specified in the Schedule equaling the percentage of completion of the work contemplated by this subcontract.